

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268

DSCF STANDARD MAIL LOAD LEVELING

Docket No. N2014-1

**UNITED STATES POSTAL SERVICE NOTICE OF FILING  
LIBRARY REFERENCE USPS-LR-N2014-1/NP2  
(January 10, 2014)**

The United States Postal Service hereby gives notice of the filing today of the following nonpublic library reference in Docket No. N2014-1:

**LR-N2014-1/NP2    *Disaggregated Table 2 Dropship/Volume Data*  
Responsive to PR/USPS-T1-2 [Non-Public]**

This library reference includes product-specific volumes delivered within the service area of each Destination Sectional Center Facility. The Postal Service regards such information to be commercially-sensitive and proprietary information that should not be released into the public domain. Accordingly, it is providing the USPS Library Reference N2014-1/NP2 as a non-public library reference. An application for non-public treatment of USPS Library Reference N2014-1/NP2 is attached to this Notice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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## ATTACHMENT 1

### APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed under seal with the Commission. The materials sought to be protected comprise USPS-LR-N2014-1/NP2 and consist of a spreadsheet reflecting disaggregated Destination Sectional Center Facility (DSCF) Standard Mail volumes destinating throughout the postal system.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The data designated as nonpublic consists of commercial information revealing product-specific volumes delivered within the service area of each Destination Sectional Center Facility which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated product-specific data reflecting the destinating volumes for particular markets or service areas. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).

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<sup>1</sup> Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1 (June 19, 2009).

The materials consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4). Because the materials that the Postal Service is applying to file under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In USPS-LR-N2014-1/NP2, the material claimed to be non-public consists of DSCF Standard Mail volume designating the service area of each Destination Sectional Center Facility in Fiscal Year 2013.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the information that the Postal Service has determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the

Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. When the volume data are associated with the specific destinations or the markets they represent, competitors could use the information to identify geographic locations where it would be profitable for such competitors to extend or build up their delivery networks, or alternative channels for dissemination of matter currently mailed as DSCF Standard Mail. Vendors from whom the Postal Service purchases equipment could use the information to their advantage in negotiating equipment prices. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the product-specific mail volumes being filed here non-publicly.

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the physical delivery market.

Revelation of the volume of DSCF Standard Mail delivered within a particular market, as defined by the service area of a specific P&DC or portion thereof, would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the delivery market in specific service areas,
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and
- more keenly determine the direction in which to adjust the prices for their products that compete with DSCF Standard Mail.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Identified harm:** Public disclosure of product-specific volume in USPS Library Reference USPS-LR-N2014-1/NP2 would be used by competitors of the Postal Service to the detriment of the Postal Service.

**Hypothetical:** A competitor's representative obtains access to data of the type contained in USPS Library Reference USPS-LR-N2014-1/NP2. It analyzes the data to assess the nature and scale of that portion of the Postal Service's delivery business consisting of DSCF Standard Mail destinating in particular markets (defined by ZIP Code or other origin-destination pairs or plant-to-plant pairs) in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it wishes to adjust its hard copy or electronic message delivery or parcel delivery service offerings, prices, operations and marketing strategies and activities to compete for the mail volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar ability to access to data regarding its competitors' volumes.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets,

and from actual or potential vendors, as well as their consultants and attorneys.

Additionally, the Postal Service believes that actual or potential customers of the Postal Service should not be provided access to the nonpublic materials.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. The Postal Service believes that the ten-year period of non-public treatment is sufficient to protect its interests with regard to the information covered by this application.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed above, the Postal Service requests that the Commission grant its application for non-public treatment of the identified materials.